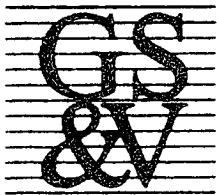


TOWN OF FRANKFORD
AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS
FOR THE YEAR ENDED JUNE 30, 2008



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Town of Frankford
5 Main Street
P.O. Box 550
Frankford, Delaware

We have performed the procedures enumerated below, which were agreed to by the Town of Frankford, State of Delaware's Office of the Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the Town's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2008. The Town of Frankford's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the Town of Frankford's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2008 and detail any instances of noncompliance.

The Town of Frankford was entitled to receive municipal grant funds under the following programs for the year ended June 30, 2008:

Municipal Street Aid

FINDING NO. 08-1 During completion of the Town of Frankford's program checklist for the Municipal Street Aid grant, it was discovered that the Town had not submitted the annual expenditure report required by 30 Del. C. §5165(b)(2) to the office of the State Treasurer for the fiscal year ended June 30, 2008. Due to the fact that they had not submitted the required report for previous fiscal years, they did not receive their Fiscal year 2008 appropriation in the amount of \$16,642.57. Failure to comply with the provisions of guidelines relating to the administration of grant funds may affect future funding.

RECOMMENDATION The Town should prepare all outstanding annual expenditure reports and submit them to the office of the State Treasurer and request release of their entitled Municipal Street Aid Funds for all fiscal years which have been withheld by the State Treasurer.

TOWN'S PLAN FOR CORRECTIVE ACTION:

2. Address the status of any findings and recommendations disclosed in previous reports.

FINDING NO. 05-1 During completion of the Town of Frankford's program checklist for the municipal street aid grant, it was noted that their cash internal control structure over municipal street aid has no segregation of duties due to the lack of personnel. The Town Administrator controls all the cash functions for the Town, which is a reportable internal control weakness that does not properly maintain and safeguard municipal street aid funds. Segregation of duties reduces the risk that one person could perpetrate and/or conceal errors in the normal course of his/her duties.

CURRENT STATUS No funds received or expended during the fiscal year ended June 30, 2008.

FINDING NO. 05-2 During completion of the Town of Frankford's program checklist for the Municipal Street Aid grant, it was noted that the Town paid an invoice 30 days after the due date which is in noncompliance with the State's regulations over disbursement of its funds [29 Del. C. §6516(d)]. No additional charges were incurred by the Town due to the late payment. The delinquent payment of invoices could expose the Town to unnecessary late payment charges.

CURRENT YEAR STATUS No funds expended during the fiscal year ended June 30, 2008.

FINDING NO. 05-3 During the completion of the Town of Frankford's program checklist for the Municipal Street Aid grant, it was noted that the Town had not submitted the annual expenditure report to the Office of the State Treasurer for the

fiscal year ended June 30, 2005.

The Town was required to submit an annual report to the office of the State Treasurer on or before October 1, 2005 [30 Del. C. §5165(b)(2)]. The failure to file the report could result in the Town not receiving municipal street aid funds.

CURRENT YEAR STATUS Annual reports have still not been submitted and this has resulted in the Town not receiving current Municipal Street Aid Funds.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Frankford's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Grabowski, Sparano
& Vincellette, CPAs*

Wilmington, Delaware
November 25, 2008